GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3297
ANSWERED ON:12.05.2006
I.T. RETURNS
Yerrannaidu Shri Kinjarapu

Will the Minister of FINANCE be pleased to state:

(a) Whether foreign companies out-sourcing work to Indian arms have been asked to file tax returns;

(b) if so, the details thereof;

(c) if not, the reasons therefor;

(d) whether the Income Tax Department has the jurisdiction to ask non-resident parents that outsource work here to file returns;

(e) if so, the details thereof during the last three years, year-wise; and

(f) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) Yes, Sir, some foreign companies who have outsourced work to their Indian arm have been asked to file tax returns.

(b) In six cases, foreign companies have been asked to file their tax returns by the Directorate of International Taxation.

(c) Does not arise in view of answer to part (a) and

(b) above.

(d) Yes, Sir. Any foreign company deriving income from India can be asked to file a return under section 142(1) of the Income-tax Act, 1961.

(e) As indicated above in part (b), the Directorate of International Taxation has asked foreign companies to file tax returns in six cases for the Assessment Year 2003-04 and in one case for three Assessment Years i.e.2003-04 to 2005-06.

(f) Does not arise in view of answer to part (d) and (e) above.